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Persistent Poverty in Scotland 2010-2015

An Official Statistics publication for Scotland

EQUALITY, POVERTY AND SOCIAL SECURITY

Key points

The statistics in this report provide useful new information on persistent poverty in Scotland. They are taken from the Understanding Society survey and so, as is true for all statistics derived from survey data, the statistics are subject to a degree of error. This means that implied changes over the years and between UK countries may not be significant and instead be within a given error range. More information can be found in the Background Notes and Methodology section.

These statistics are currently being developed and have been published as 'Experimental Statistics: data being developed' to involve users and stakeholders in their development, and to build in quality and understanding at an early stage.

All individuals:

- Between 2011 and 2015, 8 per cent of people in Scotland were in persistent poverty before housing costs. This compares to 9 per cent in 2010 to 2014.
- After housing costs 9 per cent of people in Scotland were in persistent poverty in 2011 to 2015, the same as in the previous period.

Children:

- Before housing costs, 10 per cent of children in Scotland had been in persistent poverty between 2011 and 2015, compared to 12 per cent in the previous period.
- After housing costs, in 2011 to 2015 12 per cent of children were in persistent poverty, the same as in 2010 to 2014.

Working Age Adults:

- Between 2011 and 2015, 7 per cent of working age adults in Scotland were in persistent poverty before housing costs, the same as in 2010 to 2014.
- After housing costs 9 per cent of working age adults in Scotland were in persistent poverty in 2011 to 2015, the same as in the previous period.

Pensioners:

- 11 per cent of pensioners in Scotland were in persistent poverty before housing costs in 2011 to 2015. This compares to 10 per cent in 2010 to 2014.
- After housing costs 7 per cent of pensioners were in persistent poverty in 2011 to 2015, compared to 6 per cent in 2010 to 2014.

Scotland compared to other UK countries:

- Scotland generally had lower persistent poverty rates when compared with England, Northern Ireland and Wales, especially after housing costs.
- Before housing costs the Scottish persistent poverty rate for all individuals in 2010 – 2015 (8 per cent) was slightly lower than in England (9 per cent), Northern Ireland (11 per cent) and Wales (10 per cent).
- After housing costs the difference was greater with the Scottish persistent poverty rate (9 per cent) below that of England (12 per cent), Northern Ireland (12 per cent) and Wales (12 per cent).

About this publication

This publication presents new estimates of the percentage of people, children, working age adults and pensioners living in persistent poverty in Scotland. The estimates are used to monitor progress in reducing poverty. As this is the first time these figures have been produced they have been published as '[experimental statistics](#)' which means that they are in the testing phase and not yet fully developed. This reflects the fact that it is the first time these statistics have been published using this source and improvements are planned to the derivation of key variables for future releases.

Poverty can be measured in a number of different ways each of which can tell us something different about poverty. One of the most common measures is relative poverty which identifies people living in households with an equivalised income below 60 per cent of the UK median household income. Statistics on relative poverty in Scotland can be found on the Scottish Government website:

<http://www.gov.scot/Topics/Statistics/Browse/Social-Welfare/IncomePoverty>.

Persistent poverty identifies the number of individuals living in relative poverty for 3 or more of the last 4 years. It therefore identifies people who have been living in poverty for a significant period of time, the rationale being that this is more damaging than brief periods spent with a low income, with the impacts affecting an individual through their lifetime.

The publication presents persistent poverty rates for 2 overlapping periods: 2010-2011 to 2013-2014 (referred to as 2010-2014) and 2011-2012 to 2014-2015 (referred to as 2011-2015). More information can be found in Annex 2.

Planned developments

These are experimental statistics. Work is planned to improve the derivation of key variables such as income and housing costs and to extend the range of analysis produced. We would welcome your feedback on these statistics which you can provide by contacting Andrew.white@gov.scot.

Background Notes and Methodology

Information on persistent poverty and the method used to calculate estimates from the Understanding Society survey can be found in the section above and in Annex 2. More detail can be found here: <https://www.gov.uk/government/statistics/income-dynamics-experimental>

The figures in this report come from the Understanding Society Survey, a longitudinal survey with longitudinal information about around 3,500 individuals in Scotland in 2014-2015. Surveys gather information from a sample rather than from the whole population. Results from sample surveys are always estimates, not precise figures. This means that they are subject to a margin of error which can affect how changes in the numbers should be interpreted, especially in the short-term. Year-on-year movements should be treated with caution. We are unable to calculate sampling uncertainties for these statistics, but please note that small changes are unlikely to be statistically significant.

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The statistics presented below are subject to a degree of error. This means that implied changes over the years and between countries may not be significant and instead be within a given error range. More information can be found in the Background Notes and Methodology section.

Chapter 1: Persistent poverty in Scotland

Persistent poverty is when an individual has been in poverty for three or more of the last four years. We measure it because we know that the impact of poverty on health and well-being is cumulative – the longer someone is in poverty, the more it impacts on their overall life chances.

Chart 1: Persistent poverty in Scotland BHC by population group

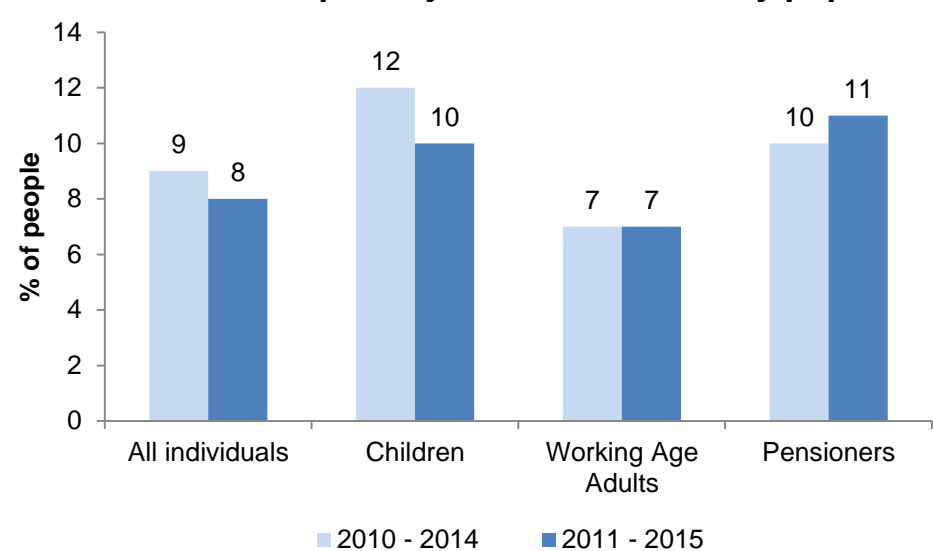
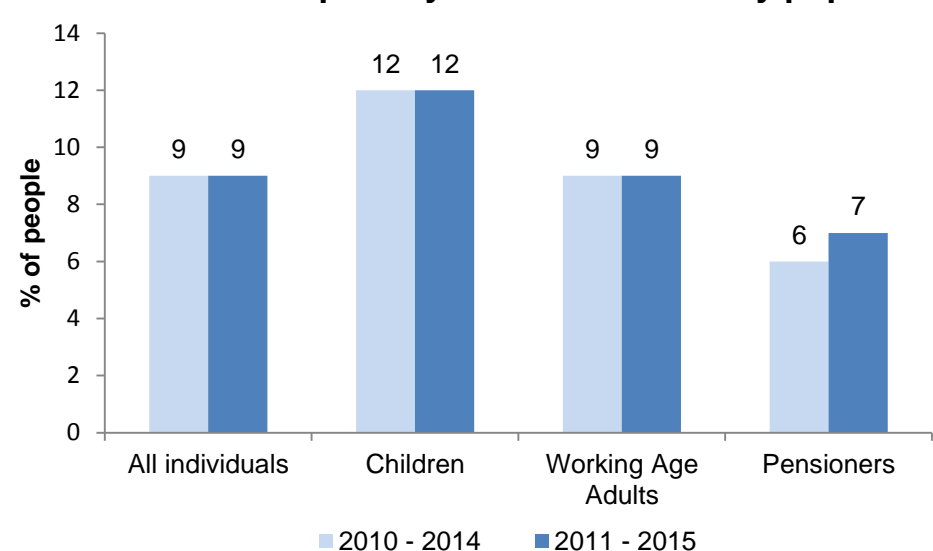


Chart 2: Persistent poverty in Scotland AHC by population group



1.1 People in persistent poverty

Between 2011 and 2015, 8 per cent of people in Scotland were in persistent poverty before housing costs. This compares to 9 per cent in 2010 to 2014.

After housing costs 9 per cent of people in Scotland were in persistent poverty in 2011 to 2015, the same as in the previous period.

1.2 Children in persistent poverty

Persistent poverty rates were higher for children.

Before housing costs, 10 per cent of children in Scotland had been in persistent poverty between 2011 and 2015, compared to 12 per cent in the previous period.

After housing costs, in 2011 to 2015 12 per cent of children were in persistent poverty, the same as in 2010 to 2014.

1.3 Working Age Adults in persistent poverty

Between 2011 and 2015, 7 per cent of working age adults in Scotland were in persistent poverty before housing costs, the same as in 2010 to 2014.

After housing costs persistent poverty rates were higher than before housing costs. Nine per cent of working age adults in Scotland were in persistent poverty in 2011 to 2015, the same as in the previous period.

1.4 Pensioners in persistent poverty

11 per cent of pensioners in Scotland were in persistent poverty before housing costs in 2011 to 2015. This compares to 10 per cent in 2010 to 2014.

After housing costs 7 per cent of pensioners were in persistent poverty in 2011 to 2015, compared to 6 per cent in 2010 to 2014.

For most groups of the population the persistent poverty rate after housing costs is greater than that before housing costs. The opposite is true for pensioners. The majority of pensioners own their own home and so have lower housing costs. Examining pensioners' incomes after deducting housing costs allows for more meaningful comparisons of income between working age people and pensioners, and of the pensioner population over time.

Chapter 2: Scotland compared to other UK countries

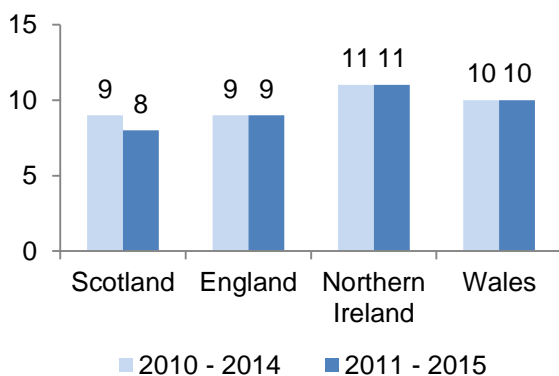
2.1 People in persistent poverty by UK country

Scotland generally had lower persistent poverty rates when compared with England, Northern Ireland and Wales, especially after housing costs.

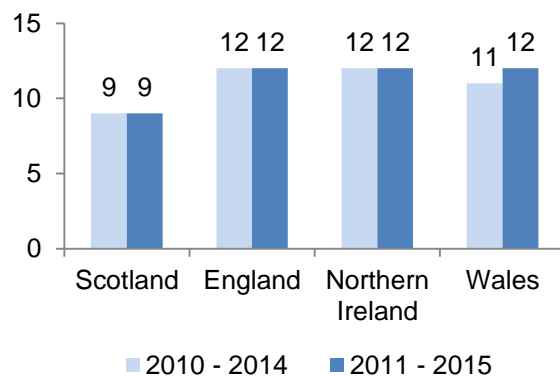
Before housing costs the Scottish persistent poverty rate in 2010 - 2015 (8 per cent) was slightly lower than in England (9 per cent), Northern Ireland (11 per cent) and Wales (10 per cent). After housing costs the difference was greater with the Scottish persistent poverty rate (9 per cent) below that of England, Northern Ireland and Wales (all 12 per cent).

Charts 3 and 4: Persistent poverty by UK country, all individuals

Before Housing Costs



After Housing Costs

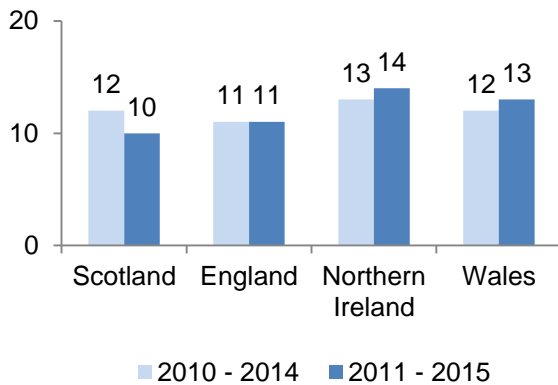


2.2 Children in persistent poverty by UK country

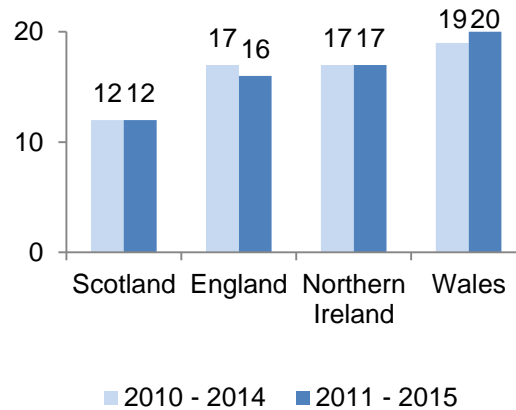
Persistent poverty rates before housing costs were slightly lower in Scotland than in other countries. The difference was greater after housing costs. In Scotland 12 per cent of children were in persistent poverty in 2011 to 2015 after housing costs compared to 16 per cent in England, 17 per cent in Northern Ireland and 20 per cent in Wales.

Charts 5 and 6: Persistent poverty by UK country, children

Before Housing Costs



After Housing Costs

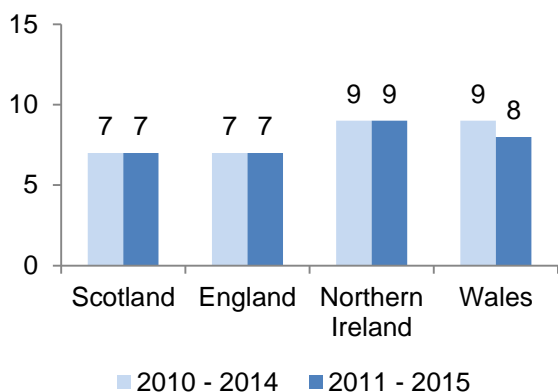


2.3 Working Age Adults in persistent poverty by UK country

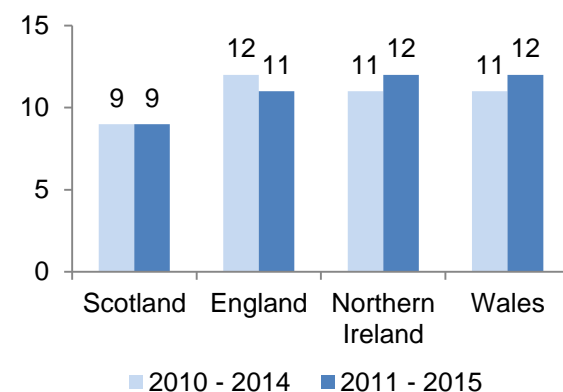
Before housing costs Scottish persistent poverty rates were the same as those in England and slightly lower than those in Northern Ireland and Wales. The after housing costs rates were lower in Scotland than in the other UK countries.

Charts 7 and 8: Persistent poverty by UK country, working age adults

Before Housing Costs



After Housing Costs

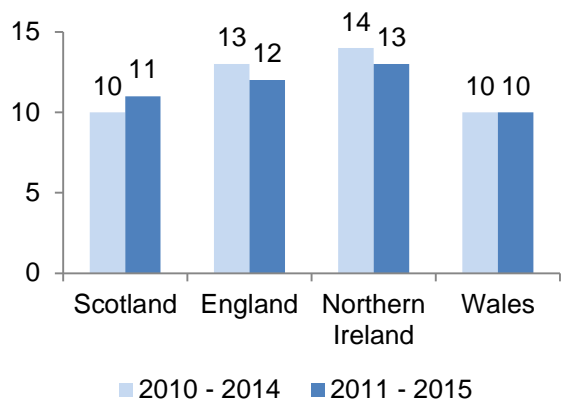


2.4 Pensioners in persistent poverty by UK country

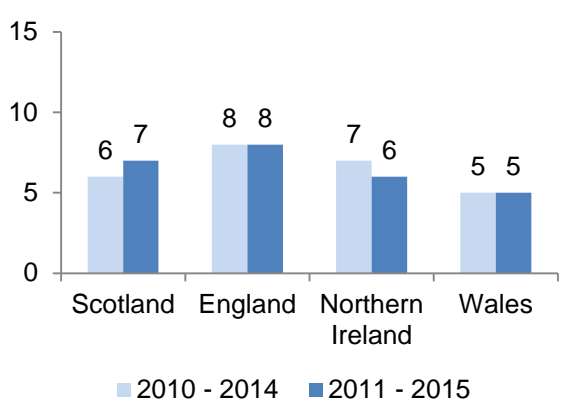
The BHC rate of persistent poverty amongst pensioners in Scotland was similar to that in Wales and slightly lower than in England and Northern Ireland. After housing costs the pensioner persistent poverty rate in Scotland (7 per cent) was slightly lower than in England (8 per cent) and slightly higher than in Northern Ireland (6 per cent) and Wales (5 per cent).

Charts 9 and 10: Persistent poverty by UK country, Pensioners

Before Housing Costs



After Housing Costs



Annexes

Annex 1: Tables

Table 1: Persistent poverty (below 60% median income threshold in at least 3 out of 4 years) in Scotland

	All Individuals		Children		Working Age Adults		Pensioners	
	Before Housing Costs	After Housing Costs	Before Housing Costs	After Housing Costs	Before Housing Costs	After Housing Costs	Before Housing Costs	After Housing Costs
2010 to 2014	9	9	12	12	7	9	10	6
2011 to 2015	8	9	10	12	7	9	11	7

Source: Understanding Society, 2010-2015

Table 2: People in persistent poverty (below 60% median income threshold in at least 3 out of 4 years), by country

	Before Housing Costs					After Housing Costs				
	Scotland	England	Northern Ireland	Wales	UK	Scotland	England	Northern Ireland	Wales	UK
2010 - 2014	9	9	11	10	9	9	12	12	11	12
2011 - 2015	8	9	11	10	9	9	12	12	12	11

Source: Understanding Society, 2010-2015

Table 3: Children in persistent poverty (below 60% median income threshold in at least 3 out of 4 years), by country

	Before Housing Costs					After Housing Costs				
	Scotland	England	Northern Ireland	Wales	UK	Scotland	England	Northern Ireland	Wales	UK
2010 - 2014	12	11	13	12	11	12	17	17	19	16
2011 - 2015	10	11	14	13	11	12	16	17	20	16

Source: Understanding Society, 2010-2015

Table 4: Working Age Adults in persistent poverty (below 60% median income threshold in at least 3 out of 4 years), by country

	Before Housing Costs					After Housing Costs				
	Scotland	England	Northern Ireland	Wales	UK	Scotland	England	Northern Ireland	Wales	UK
2010 - 2014	7	7	9	9	8	9	12	11	11	11
2011 - 2015	7	7	9	8	7	9	11	12	12	11

Source: Understanding Society, 2010-2015

Table 5: Pensioners in persistent poverty (below 60% median income threshold in at least 3 out of 4 years), by country

	Before Housing Costs					After Housing Costs					% of people
	Scotland	England	Northern Ireland	Wales	UK	Scotland	England	Northern Ireland	Wales	UK	
2010 - 2014	10	13	14	10	12	6	8	7	5	8	
2011 - 2015	11	12	13	10	12	7	8	6	5	8	

Source: Understanding Society, 2010-2015

Annex 2: Methodology

This section provides key information on the methodology used to produce persistent poverty statistics. A more detailed methodological paper is available from the DWP website: <https://www.gov.uk/government/statistics/income-dynamics-experimental>

Data sources

The figures in this publication are derived from the [Understanding Society survey](#). Understanding Society is a large scale longitudinal survey that captures information about people's social and economic circumstances, attitudes, behaviours and health. Being longitudinal, the same individuals are interviewed each year allowing identification of those who have been in poverty over a number of years rather than just at a single point in time.

Comparison with other sources

Poverty estimates presented in the National Statistics [Poverty and Income Inequality in Scotland](#) publication come from a different source – the Department for Work and Pensions' (DWP) Households Below Average Income dataset which is produced from the Family Resource Survey. This is the best source of household income data available in the UK. However it does not track individuals or households over time and so cannot be used to calculate persistent poverty rates.

The FRS and Understanding Society use different income definitions and cover different time periods and so figures which come from the two surveys are not comparable with each other. It should also be noted that an individual can be in persistent poverty without being in relative poverty in the most recent year (if they were in relative poverty in the 3 previous years) and so those in persistent poverty are not simply a sub-group of those in relative poverty.

Housing Costs

This publication presents analyses on two bases: **Before Housing Costs (BHC)** and **After Housing Costs (AHC)**. This is principally to take into account variations in housing costs that themselves do not correspond to comparable variations in the quality of housing.

Time periods

This publication presents persistent poverty rates for 2 overlapping periods: 2010-2011 to 2013-2014 (referred to as 2010 – 2014) and 2011-2012 to 2014-2015 (referred to as 2011 – 2015).

Persistent poverty statistics are based on tracking an individual over a 4 year period. Each set of results are therefore based on 4 waves of the Understanding Society survey. This publication presents persistent poverty statistics based on waves 2-5 and waves 3-6. Each wave of interviews is conducted over a 2 year period as shown in the table below.

An individual is in persistent poverty if they are in relative poverty for at least 3 years in any 4 year period. This means that the same individual can be in persistent poverty in both, either or none of the time periods covered in this publication.

Wave	Start Year	End Year	In 2010-2011 to 2013-2014 statistics?	In 2011-2012 to 2014-2015 statistics?
1	2009	2010	No	No
2	2010	2011	Yes	No
3	2011	2012	Yes	Yes
4	2012	2013	Yes	Yes
5	2013	2014	Yes	Yes
6	2014	2015	No	Yes

There are known issues with the income information in the first Understanding Society wave covering 2009-2010. See Dr Paul Fisher's paper [Does repeated measurement improve income data quality?](#) (ISER Working Paper Series, 2016-11) for details of why income data on the first wave of Understanding Society are not comparable with subsequent waves and are likely to be of lower quality. The first wave has therefore been excluded from any analysis presented in this publication.

Population Coverage

Understanding Society is a survey of private households (although it does collect information from households about their children if a child has moved into an institution). This means that people who were in residential institutions, such as nursing homes, barracks, prisons or university halls of residence at the start of the survey are excluded from the scope of the analysis presented here.

Reliability of estimates

The figures are estimates based on sample surveys and are therefore subject to sampling variation. Caution should be exercised in the interpretation of small year-on-year fluctuations.

As with most longitudinal surveys, attrition reduces the Understanding Society sample size over time. As well as attrition reducing the sample size, we have missing data for many of the variables we are using in the analysis. We exclude individuals with missing data from relevant analysis, but include individuals whenever we can. Weights have been applied which adjust for unequal selection probabilities, differential nonresponse, and potential sampling error.

Characteristics

Whether an individual is counted as a child, working age adult or pensioner is determined by their age during the first survey period. So, for example, an individual aged 15 in 2011 and aged 19 in 2015 will be counted as a child for the 2011-2015 period.

Annex 3: Definitions

Measures of income

The income used to determine persistent poverty in this publication includes:

- Labour income – usual pay and self-employment earnings. Includes income from second jobs.
- Miscellaneous income – educational grants, payments from family members and any other regular payment
- Private benefit income – includes trade union/friendly society payments, maintenance or alimony and sickness or accident insurance
- Investment income – private pensions/annuities, rents received, income from savings and investments
- Pension income – occupational pensions income
- State support – tax credits and all state benefits including State Pension

Income is net of the following items:

- income tax payments;
- National Insurance contributions;
- domestic rates / council tax;

Income is adjusted for household size and composition by means of equivalence scales, which reflect the extent to which households of different size and composition require a different level of income to achieve the same standard of living. This adjusted income is referred to as **equivalised income** (see definition below for more information on equivalisation).

Income After Housing Costs (AHC) is derived by deducting a measure of housing costs derived from mortgage and rents from the above income measure.

Equivalisation

Equivalisation is the process by which household income is adjusted to make it comparable across households of different size and composition. This reflects the fact that a bigger household requires more money than a smaller one to achieve the same standard of living. Further information on equivalisation can be found in the following report on the Scottish Government website:

<http://www.gov.scot/Topics/Statistics/Browse/Social-Welfare/IncomePoverty/equivalence-scales-paper>

Annex 4: Where to Find More Information

Further analysis:

The headline poverty and income inequality statistics can be found in the latest Poverty and Income Inequality in Scotland publication:

<http://www.gov.scot/Topics/Statistics/Browse/Social-Welfare/IncomePoverty>.

Further analysis of poverty statistics is published by the Scottish Government during the year at:

<http://www.gov.scot/Topics/Statistics/Browse/Social-Welfare/>

Additional analysis themes are based on the needs of users. If you have any suggestions for future analysis please email:

andrew.white@gov.scot

or phone 0131 244 7351

Scottish Government websites:

The poverty statistics website contains a range of analysis on poverty and information about what the Scottish Government is doing to reduce poverty and income inequality:

<http://www.gov.scot/Topics/Statistics/Browse/Social-Welfare/>

Scotland Performs website (for further information about the SG Solidarity Target and National Indicators)

<http://www.gov.scot/About/scotPerforms>

For further information on all Scottish Government statistics

<http://www.gov.scot/topics/statistics/>

Scottish Government approach to tackling poverty

<http://www.gov.scot/Topics/People/fairerscotland/tacklingpovertyinscotland>

Local Authority level analysis and other geographies in Scotland:

The persistent poverty figures presented here are from a sample survey which limits the analysis possible at smaller geographical areas. Similarly the main poverty statistics for Scotland published in Poverty and Income Inequality in Scotland are only available at Scotland level. A few analyses are published for areas below Scotland level (e.g. poverty in rural and urban areas), however it is not possible to produce reliable estimates at Local Authority level from this source.

Information on poverty at Local Authority level is available from alternative sources although none of these over persistent poverty. These can be found at:

<http://www.gov.scot/Topics/Statistics/Browse/Social-Welfare/incomepoverty/LApovertydata>

UK Government websites:

Income dynamics publication (contains figures comparable with those found in this publication)

<https://www.gov.uk/government/statistics/income-dynamics-experimental>

Households Below Average Income, Department for Work and Pensions (methodology and UK estimates)

<https://www.gov.uk/government/collections/households-below-average-income-hbai--2>

UK Government action on child poverty

<https://www.gov.uk/government/policies/poverty-and-social-justice>

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How to access background or source data

The data collected for this statistical bulletin cannot be made available by Scottish Government for further analysis as Scottish Government is not the data controller.

Complaints and suggestions

If you are not satisfied with our service or have any comments or suggestions, please write to the Chief Statistician, 3WR, St Andrew's House, Edinburgh, EH1 3DG, Telephone: (0131) 244 0302, e-mail statistics.enquiries@scotland.gsi.gov.uk.

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